

Message Text

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ACTION EA-09

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PA-01 PRS-01 SP-02 SS-15 EB-07 COME-00 TRSE-00 OMB-01

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FM AMEMBASSY TOKYO

TO SECSTATE IMMEDIATE 7066

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY THE HAGUE

AMCONGEN HONG KONG

USLO PEKING

CINCPAC HONOLULU

COMUSJAPAN YOKOTA

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 2577

E.O. 11652: XGDS-3

TAGS: PINT, JA

SUBJECT: LOCKHEED SCANDAL: ANALYSIS OF THE STATE OF PLAY

SUMMARY. AFTER A PERIOD OF AGITATED UNCERTAINTY AND SHARP DIVISIONS WITHIN THE LDP/GPJ, THE SITUATION APPEARS TO BE SETTLING DOWN SOMEWHAT. ALTHOUGH OPPOSITION PARTIES AND MEDIA WANT TO KEEP THE LOCKHEED ISSUE ALIVE TO EMBARASS THE CONSERVATIVES, THEY ARE RUNNING OUT OF NEW MATERIAL. THUS, THE MAIN ISSUE NOW FACING AN INCREASINGLY UNIFIED CONSERVATIVE LEADERSHIP IS HOW TO RESTORE PUBLIC CONFIDENCE IN THEIR POLITICAL STEWARDSHIP AND NORMALIZE DIET DELIBERATIONS. PROBABLY IN THE BELIEF THAT THE WORST IS PAST AND TO APPEASE THE PUBLIC CLAMOR, PRIMIN MIKI AND OTHERS ARE CALLING FOR THOROUGH INVESTIGATION AT HOME, INCLUDING CRIMINAL AND TAX ANGLES, AND ALL AVAILABLE INFORMATION FROM

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THE US. BUT THESE STATEMENTS ARE WIDELY THOUGHT TO BE

ALMOST EXCLUSIVELY FOR DOMESTIC CONSUMPTION AND THE GOVERNMENT DOES NOT WISH -- AND MAY NOT EXPECT -- FURTHER SIGNIFICANT WASHINGTON REVELATIONS.

DAMAGE HAS ALREADY BEEN DONE TO THE CONSERVATIVE IMAGE AND THE TANAKA FACTION PARTICULARLY. (THE GAINERS HAVE BEEN "CLEAN" PRIMIN MIKI AND THE JCP WHICH WAS ON THE DIET DEFENSIVE WHEN THE SCANDAL BROKE.) BUT WITHOUT FURTHER DAMAGING REVELATIONS, THE SITUATION APPEARS CONTROLLABLE. THE EXTENT OF THE TRAUMA THAT MIGHT BE CREATED BY FURTHER REVELATIONS DEPENDS ON THEIR MAGNITUDE AND IDENTITIES. END SUMMARY.

1. BIGGEST POST-WAR SCANDAL. AS THE FIRST STAGE OF THE LOCKHEED SCANDAL WINDS TO A CLOSE HERE, SOME INSIGHTS AND PRELIMINARY JUDGEMENTS ARE POSSIBLE. FIRST, THE SCANDAL AROUSED EXTRAORDINARY PUBLIC INTEREST. REASONS FOR THIS WERE: THE FOREIGN CONNECTION, THE OSANO-FORMER PRIMIN TANAKA LINK, ULTRARIGHTIST KODAMA'S INVOLVEMENT, AND THE EXTRAORDINARY (BY JAPANESE STANDARDS) ALLEGED SUMS OF MONEY INVOLVED. THE COUNTRY HAS HEARD ABOUT LITTLE ELSE FOR THE PAST TWO WEEKS AND THE TELEVISED DIET HEARINGS RANKED THIRD IN POST-WAR VIEWERSHIP BEHIND THE JAPANESE RED ARMY RETREAT MASSACRE AND QUEEN ELIZABETH'S VISIT. THE PUBLIC APPEARS SIMPLY DEEPLY DEPRESSED AT THE PERFORMANCE OF ITS POLITICIANS -- AND APPARENT UNWILLINGNESS OF THE US TO HELP SET THE MATTER STRAIGHT. OTHERS HAVE TRIED TO DESCRIBE, INTERPRET AND USE THIS UNUSUAL PUBLIC OUTPOURING TO ADVANTAGE.

2. IN SEEKING TO EXPLOIT THIS LATEST AMERICAN SURPRISE, OPPOSITION PARTIES HAVE SOUGHT IN AN AS YET FUMBLING WAYS TO EMBARRASS THE LDP AND GOVERNMENT INSIDE THE DIET AND HAVE ORGANIZED OUTSIDE DEMONSTRATIONS AS THEY PUSH FOR POLITICAL ADVANTAGE. THE MEDIA HAS FEATURED LITTLE ELSE, URGING A THOROUGH GOVERNMENT PROBE AND AMERICAN RELEASE OF ALL MATERIALS AND NAMES INVOLVED. BUREAUCRATS, WITH THE OBJECT LESSON OF JDA VICE CHIEF KUBO IN MIND, HAVE KEPT THEIR HEADS UNUSUALLY LOW. BUSINESSMEN, ONCE AGAIN UNDER ATTACK, WOULD LIKE TO FORGET THE ENTIRE MATTER AS QUICKLY AS POSSIBLE -- AND RETURN TO ECONOMIC RECOVERY.
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3. RULING LIBERAL DEMOCRATS (LDP) -- AND CONSEQUENTLY THE GOJ -- WENT THROUGH AN INITIAL PERIOD OF AGITATED UNCERTAINTY. THIS WAS NATURAL SINCE IT WAS NOT -- AND IS NOT -- CLEAR PRECISELY WHOSE NAMES MIGHT BE INCLUDED IN LOCKHEED PAPERS, THE EXTENT OF INCRIMINATING EVIDENCE, WHETHER THE US WOULD RELEASE THE PAPERS (WITH OR WITHOUT NAMES) AND, AS A CONSEQUENCE, WHO WOULD BE HURT AND HOW

MUCH.

4. ASSUMPTIONS CONCERNING THESE QUESTIONS SOON DEVELOPED, HOWEVER. IN GENERAL, IT WAS ASSUMED THAT THE NAMES, IF THEY EXISTED, WOULD BE ALMOST EXCLUSIVELY MEMBERS OF THE TANAKA FACTION, PROBABLY INCLUDING FORMER PRIME MINISTER TANAKA HIMSELF. ON THIS BASIS, A SHARP DIVISION DEVELOPED WITHIN THE PARTY. ON ONE SIDE, MIKI AND FUKUDA PRESSED FOR FULL DISCLOSURE OF ALL NAMES OUT OF PERSONAL CONVICTION AND POSSIBLE FACTIONAL ADVANTAGE. BOTH MEN FELT THEY WOULD GAIN BY DAMAGE TO TANAKA FORCES. ON THE OTHER HAND, TANAKA AND THOSE ASSOCIATED WITH HIM HAVE FIRMLY RESISTED A THOROUGH PROBE DESPITE SOME PUBLIC RHETORIC TO THE CONTRARY. GIVEN HIS LONG ALLIANCE WITH TANAKA, OHIRA WAS GENERALLY THOUGHT TO FAVOR THAT APPROACH. LDP SENATOR NAKASONE, WHOSE POSSIBLE PERSONAL INVOLVEMENT IS UNCLEAR, HAS PRIVATELY URGED CAUTION. MOST OF THE LDP ELDERLY APPEAR TO HAVE CONSIDERABLY LEANED MORE TOWARD CAUTION THAN FULL EXPOSURE. LESSER CONSERVATIVES, IN CARRYING OUT THEIR GOVERNMENTAL DUTIES, HAVE SOUGHT TO STEER A COURSE BETWEEN THE MIKI/FUKUDA EXPOSURE LINE AND THE TANAKA COVER-UP OPTION. IN RETROSPECT, THIS SEEMS THE APPROACH OF FUMIMASA MIYAZAWA AND TO HAVE INFLUENCED THE INITIAL FUMIO MIYAZAWA APPROACHES TO THE USG. IT IS CLEARLY THE REASON THERE WERE -- AND ARE -- CONTRADICTORY SIGNALS ABOUT LDP/GOJ DESIRE FOR DISCLOSURE OF GOJ OFFICIALS WHO MAY HAVE

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 2577

ACCEPTED LOCKHEED BRIBES.

5. PRESENT SITUATION. WITH THE DIET HEARINGS OVER, EVENTS NOW APPEAR TO BE TIPPING THE SCALE IN FAVOR OF THE TANAKA OPTION. THUS THE LDP, DESPITE CONTINUING SHARP DIFFERENCES ON EXPOSE, IS COMING TOGETHER AGAIN. WE HAVE HEARD AN AUDIBLE SIGH OF RELIEF FROM THE CONSERVATIVE LEADERSHIP.

6. AT THE SAME TIME, CONSERVATIVES STILL MUST COPE WITH SOME LESSER PRACTICAL PROBLEMS. FIRST IS HOW TO DEFUSE WIDESPREAD POPULAR SUSPICION, DISTRUST AND DISBELIEF THAT THE GOVERNMENT HAS DONE EVERYTHING IT CAN TO SET THIS MATTER STRAIGHT. SECOND, A MEANS MUST BE FOUND OF PERSUADING OPPOSITION PARTIES TO GIVE UP THEIR DEMANDS FOR A CONTINUING LOCKHEED PROBE AND RESUME NORMAL DIET
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PROCEEDINGS. FINALLY, AND THIS IS EASIEST, THEY MUST REASSURE YOUNGER LDP DIET MEMBERS, WHOSE SEATS ARE LEAST SECURE.

7. AS INDICATED IN HIS FEBRUARY 19 PRESS CONFERENCE, MIKI APPEARS TO BE PURSUING A TWO-PRONG STRATEGY. HE ASSURED THE PEOPLE THAT EVERYTHING POSSIBLE WILL BE DONE TO THOROUGHLY PROBE THE LOCKHEED AFFAIR AND, ALONG WITH THIS, MADE IT CLEAR THAT THE GOJ HAS ASKED THE US FOR ALL AVAILABLE MATERIALS INCLUDING THE NAMES OF GOVERNMENT OFFICIALS. AT THE SAME TIME, A CABINET INVESTIGATING COMMITTEE HAS BEEN ESTABLISHED AND CRIMINAL AND TAX INVESTIGATIONS WILL CONTINUE HERE. BOTH ASPECTS OF THE STRATEGY, IT IS WIDELY BELIEVED HERE, ARE FOR DOMESTIC CONSUMPTION ONLY. IN SHORT, CONSERVATIVE LEADERS NOW APPEAR TO BELIEVE THAT EVENTS ARE HEADING IN THE RIGHT DIRECTION AND THEY ARE TRYING TO FURTHER QUIET THE BODY POLITIC. AFTER EACH NEW MODEST INITIATIVE, THEY ARE LIKELY TO ASSESS ITS IMPACT ON PUBLIC REACTION BEFORE TAKING ANOTHER STEP.

8. DAMAGE THUS FAR. ALTHOUGH MANY POLITICIANS ARE SUSPECTED OF HAVING TAKEN SOME LOCKHEED MONEY, INCLUDING

SOME OPPOSITION POLITICIANS, THE ONUS THUS FAR HAS CLEARLY FALLEN ON FORMER PRIME MINISTER TANAKA AND HIS LIEUTENANTS. AS A RESULT, TANAKA'S PERSONAL INFLUENCE WHICH WAS INCREASINGLY SIGNIFICANT IS NOW LIKELY TO REcede FOR A TIME. A POSSIBLE TANAKA COMEBACK, QUESTIONABLE EARLIER, NOW SEEMS MUCH LESS LIKELY. MORE BROADLY, SUBSTANTIAL DAMAGE HAS BEEN DONE TO THE CONSERVATIVE IMAGE IN POPULAR EYES, BRINGING TO MIND AS IT DOES LONG ALLEGED CONNECTIONS AMONG CONSERVATIVES, ULTRANATIONALISTS AND UNSCRUPULOUS BUSINESSMEN. BUT POLITICS AND POLITICIANS IN GENERAL HAVE RECEIVED A BLACK EYE.

9. THE AMERICAN CONNECTION. IN ORDER TO DEFUSE POPULAR INDIGNATION, ALL CONSERVATIVE LEADERS OBVIOUSLY HAVE FELT COMPELLED TO GO THROUGH THE MOTIONS OF SEEKING IN HIGHLY PUBLIC WAYS THE RELEASE OF ALL LOCKHEED MATERIALS BY THE US. GIVEN THE FACT, HOWEVER, THAT A MAJORITY OF THESE LEADERS NOW SEEM TO FEEL THAT EVENTS HAVE DRIFTED IN A "FAVORABLE" DIRECTION, IT SEEMS UNLIKELY THAT THEY REALLY CONFIDENTIAL

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WANT SUCH FURTHER DISCLOSURES AND IN FACT THEY PROBABLY HOPE STRONGLY THERE WILL BE NONE. FURTHER DISCLOSURES, PARTICULARLY OF NAMES, WHEN MOST CONSERVATIVE LEADERS BELIEVE THE WORST IS PAST WOULD, THEREFORE, COME AS ANOTHER UNPLEASANT SHOCK. THOSE WHOSE POLITICAL FORTUNES WOULD BE MOST DIRECTLY AFFECTED NATURALLY COULD BE EXPECTED TO BE MOST CRITICALLY RESENTFUL OF THE MANNER IN WHICH THE US HAD HANDLED THIS SITUATION, A CIRCUMSTANCE WHICH COULD DIVIDE THE LDP IN ITS ATTITUDES TOWARDS THE US. IF NO SIGNIFICANT FURTHER REVELATIONS ARE MADE, ON THE OTHER HAND, THE MEDIA AND OTHER NON-OFFICIAL OPINION-LEADERSHIP GROUPS ARE LIKELY TO ECHO OPPOSITION CHARGES THAT THE US HAS BEEN COLLUDING WITH THE LDP. DEPENDING ON THE CONTEXT IN WHICH FURTHER RELEASES ARE MADE, HOWEVER, THIS REACTION IS LIKELY TO BE SHORT-LIVED. THE IMPACT OF THE LOCKHEED AFFAIR ON AMERICAN COMMERCIAL INTERESTS IN JAPAN IS HARDER TO APPRAISE, ALTHOUGH CERTAINLY THE AEROSPACE AND MULTINATIONALS WILL BE HARDEST HIT. PLANS FOR PROCUREMENT OF DEFENSE EQUIPMENT FROM THE US, NOTABLY AN ASW AIRCRAFT, CERTAINLY WILL BE DELAYED. EXCEPT FOR SOME DELAY, IT IS LESS CERTAIN WHAT THE EFFECTS OF THIS INCIDENT WILL BE ON THE DEVELOPMENT OF CLOSER CONSULTATIONS ON DEFENSE COOPERATION.

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